

## Topic 8

Examiner's comment on OBU RAP Topic 8 - Try to link your SWOT /PESTLE/model factors as much as possible to the financial analysis and use the CEO /directors' reports to see what factors and strategies have impacted on the results and influenced management decisions. Ratios on their own without properly referenced explanations of what has actually driven the changes in the movements is insufficient to pass the evaluation and analysis assessment criteria of OBU RAP Topic 8.

Use graphs to show the movements and your words to provide detailed reasons and factors that lie behind them rather than just describing increases and decreases and making obvious comments about the differences between the two companies. Note: By reading the CEO/ directors' reports for the years of your study you should be able to track through some of their strategies' effects on financial performance and outlining these in your evaluation as appropriate would greatly strengthen your analysis.

Comment 1 on ACCA OBU RAP Topic 8 - Your ratios analysis is not strong or extensive enough particularly in business analysis. You have put SWOT analysis in the report which is OK but I would advise you to consider other business models such as PEST and/or Porter five forces to be able to have a full picture of the Singapore Post limited the company provided that you have under word counts.

Some of your analysis is weak especially compared with the competitor i.e. FedEx and it need to explain the reasons for who is performing better and why not just looking at the ratios itself.

For example in gearing ratio, you have mentioned ' Gearing ratio has increased 3.97% in FY10/11 and 18.56% in FY11/12. The gearing ratio is the average level, however it is increasing.' without exploring underlying reasons behind.

You need to fully explain the trends in the ratios, not just describe the changes. You should refer to the wider economic environment, industry effects and the impact of corporate strategy as well as an analysis of the numbers behind the ratios.

Comment 2 on OBU RAP Topic 8 - Your profitability ratio analysis focused on ROCE and in your conclusion the section you said "There was no need to contrast gross and operating profit margin as they are integrated into ROCE." This is not strictly true as GPM, NPM and other profitability ratios each give a different measure of performance. ROCE can be affected by the capital structure of a company and is susceptible to a number of other factors such as accounting policies, etc.,

Comment 3 on OBU RAP Topic 8 - You should try to link your SWOT with the financial analysis as this may help you to develop better evaluation: the two are not intended to be done in isolation from each other and are related e.g. the weaknesses could help explain some of the poor financial results (you mention poor marketing strategy in your Presentation but do not really relate this to the company's lackluster performance in the financial analysis section).

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Comment 4 on ACCA OBU RAP Topic 8 - There is insufficient referencing in the analysis sections to assess your evaluation. You must use and reference both the annual reports and other sources to explain the trends identified by the ratio analysis. Lack of referencing undermines the validity of your analysis. Avoid arbitrary rules such as the current ratio should be greater than 1; industry and competitor comparators are more meaningful. A competitor benchmark is better used consistently for each ratio and the results presented in the same graph

Comment 5 on ACCA OBU RAP Topic 8 On pages 27/28 you introduced a comparison to an "industry norm" but here you only showed four ratios and made no attempt to provide any analysis to explain why the ratios are different between EnGro and the "industry norm". You then spent two paragraphs on the limitations of this comparator information. Ideally you should analyze EnGro against a comparator company across the full range of ratios analyzing the change in EnGro's ratios over the three years, and also the variance between EnGro's ratios and the comparator, particularly when these differences are significant.

Comment 6 on ACCA OBU RAP Topic 8 - Analysis means investigating the business decisions and strategies that have led to the results, taking into account outside influences. This you have not done, instead relying upon an analysis of the accounts with some conjecture as outlined above.

Comment 7 on ACCA OBU RAP Topic 8 - Take care when using sources; at the moment there is significant evidence of material being cut and pasted from sources, and this can be construed as plagiarism. Even if information is referenced to the source, it is bad academic practice to use someone else's material verbatim. You should research material, assimilate it and re-write in your own words, and reference to the source. This will demonstrate your understanding of the material.

Your next submission will be closely monitored, so you are advised to re-write the sections of work which have been used verbatim from sources.

Comment 8 on ACCA OBU RAP Topic 8 - I am not convinced of some of your analysis. You say ROCE in 2012 decreased due to ongoing liabilities of Deepwater but surely this effect would be there in 2011 as well. You need to get deeper into what has happened and utilize a broader range of sources to explain events.

You are very reliant on the annual reports. Also you need to look at BP's own performance year on year as well as always comparing with Shell, each of your ratios you end by concluding one company or the other has done better. Your conclusions are very brief-spend more time on these and less on recommendations but ensure you link them to your findings.

Comment 9 on ACCA OBU RAP Topic 8 - However generally your comparator analysis is extremely weak: you tend to make statements that are fairly meaningless (p.11 "the achieved revenue growth of BTHL is not competitive enough to its competitor" this does not say anything really useful) or statements of the obvious (p.29 "Thus, the share price reflected better performance than BTHL" but this can already be seen from Table 3). Instead of relying heavily on the notes to the annual accounts and repeating figures, what you need to do is actually explain in greater depth what has favoured the comparator's performance or emphasise how SWOT/PEST factors or lack of good management strategies have impacted on BTHL so that it lags behind its competitor.

Comment 10 on ACCA OBU RAP Topic 8 - As noted above your referencing is at times poor. The following for instance are not in your list of references: (Know this.com, 2015).; (BSI group, 2012).; (Nolo, 2015).; "(The student room, 2014)"; "(Scientific and academic publishing, 2012)"; "(The punch, 2014). " "etc. This is not an exhaustive list.

Some of your links don't work e.g. Business case studies (2015). Controlling cash flow for business growth A CIMA case study [Online]:

Comment 11 on ACCA OBU RAP Topic 8 - Please avoid bringing in new information in your conclusions, your foreign exchange graph and discussion should be in your analysis leaving the conclusion section for stating your views against the topic title and your research questions.

Finally your project (before recommendations) barely reaches 7000 words so you have some room to improve your analysis relatively easily.

Comment 12 on ACCA OBU RAP Topic 8 - Analysis is more than calculating a ratio, producing a graph and making statements about how much something has increased or decreased and adding citations from the annual report

e.g. p. 21 'This is attributable to the heavy devaluation of its total asset (dropped by 31.5%), which consisted of multiple impairment losses, such as the inventory value written-down, obsolescence.(US\$16.3 million), property and equipment(US\$18.7 million) due to a US\$12.2 million impairment charge on equipment for the QMax wireless broadband project, as well as non-current asset decrease(US\$12.3) mainly due to the underutilisation of security deposits for the payment of the group's headquarters office building rental'

This does not show any original analysis. It is YOUR evaluation that you need to demonstrate by broader use of research sources and assessing key influences and strategic decisions that have shaped the results and EXPLAINING these forces rather than describing.

Comment 13 on ACCA OBU RAP Topic 8 - Try to link your SWOT /PESTLE/model factors as much as possible to the financial analysis and use the CEO /directors' reports to see what factors and strategies have impacted on the results and influence management decisions. Ratios on their own without proper referenced explanations of what has actually driven the changes in the movements are insufficient to pass the evaluation and analysis assessment criteria.

Use graphs to show the movements and your words to provide the detailed reasons and factors that lie behind them rather than just describing increases and decreases and making obvious comments about the differences between the two companies. Note: By reading the CEO/ directors' reports for the years of your study you should be able to track through some of their strategies' effects on financial performance and outlining these in your evaluation as appropriate would greatly strengthen your analysis.

Comment 14 on ACCA OBU RAP Topic 8 Understanding of accountancy/business modelsIn your coverage of business models employed you did not give a full explanation of their limitations. This section was very skimpy and you did therefore not demonstrate an understanding of their inherent limitations. For example, you gave 2 limitations of particular individual ratios – but did not cover the inherent limitations of ratio analysis as a technique in itself. For instance, the reliance on financial information, the use of historic data, and the impact of differing accounting police etc.

Comment 15 on ACCA OBU RAP Topic 8 - You need more precision in your analysis for example phrases such as “The results of ROCE depends on the level of investments” whilst true is not very informative If you could show what investments have been made? How they have increased relative to operating profits and their resultant impact – leading to future profits (information like this will be in the narrative section of the financial statements) – this would be much more informative,

Your non-financial review was quite good in parts and you did try and link it to financial results. An edit, review and more clarity will ensure a pass on resubmission.

Comment 16 on ACCA OBU RAP Topic 8 - You need to be clear in your analysis and conclusions.”Fidson’s net profit grew from 6.9% to 9% year on year, which is a fair achievement bearing in mind the marco economic realities”. Here is an ideal point to expand-what are the marco economic realities? Where did you source this information?

Why did Neimeth's overheads rise by such an extent to produce such a change in the net profit ratio, it is this sort of comment you need to be analysis and not just stating the facts. Wider research is necessary then you can draw a plausible conclusion rather than simply comment on the changes.

Comment 17 on ACCA OBU RAP Topic 8 - What you have completed so far is good. However, your financial analysis is extremely brief in places, and lacking in detail. For example, looking on page 25, you state; "MB nig Pic OPM also increased by 11.06% from 2013 to 2014. Even though it was able to reduce its distribution, sales and marketing expense in 2014, it was not able to bring down its administrative, hence the relatively low increase in the operating profit margin compared to the increase in 2012 to 2013". You need to take this further – why was the company unable to reduce administration costs? This is likely to need more research.

## Topic 6

Examiner's Comment: Your research findings and analysis are too dependent on the questionnaire results. You must seek secondary data on the company's HR policies such as pay and conditions, training provision, etc. to compare and contrast with the questionnaire findings. You must also reference all of the factual data, academic theories and survey findings throughout the analysis (the bar charts can be labeled "Researcher Questionnaire, 2013").

## OBU RAP Topic 6 – Examiner's Comment:

You have utilised only one theory-Maslow. You should also consider some other theories such as Herzberg; McGregor Theory X and Theory; Vroom and Elton Mayo.

Another Examiner's comment on the understanding of business models for another student is:

You appear to understand the theoretical models in isolation, however the extension of applying the theory to your chosen organization to substantiate your findings is lacking. Some of your questions are badly constructed e.g. Q9 "Staff input is a result of their Take home – not only is the sentence incomplete but you are asking for a subjective general opinion whereas you should be wording this on a personal basis "My input is a result of my take-home pay – (presumably you meant to include the word 'pay' here?) If

you are expecting someone to agree/disagree. With Q14 you need to define the specialist term 'self-actualization' – if your respondents are unfamiliar with the term and what it means, how can they select it?

Let's look at an examiner's comment on this: 'You must be cautious of declaring unproven assumptions. On page 22 / 23 you state "From the bar-chart above, it could be seen that 88% (23% strongly agreed and 65% agreed) of the staff of the company agreed that their performance is tied to their earning." from this you then declare " This means that if the remuneration package is structured in such a way that the employees perceived it as being small, they would automatically prefer to reduce their performance to commensurate with the reduced pay." To declare that they would automatically reduce their performance is not evidenced.'

Let's look at an examiner's comment. 'The overall structure of your input needs to be reconsidered, ensuring each section appropriately covers the content required to achieve your goals and creates a natural flow from introduction to conclusion, including your coverage of both content and process theory. Please format your work correctly – sometimes there are large gaps in the text and the line spacing in between paragraphs seems to be random. You should try to set your work out so that it appeals to the reader and sufficient line spacing is essential to help in reading your text, so please insert line spacing in-between'.

## Topic 7

Other examiner failure report comments on ACCA OBU RAP topic 7.

Comment 1 on OBU RAP topic 7 - You have completed some SWOT analysis, but the value chain has been rather briefly described along with a note of some changes. This could be because you haven't really got to grips with the nature and relevance of value chain analysis earlier in the RAP

Comment 2 on OBU RAP topic 7 - You have relied heavily on the interviews with managers and have taken this at face value.

Further information could have been gathered to see the nature of changes made to the organization, their purpose and actual effect. Since this information was often not sought, the main objective of analysis could not be achieved.

Comment 3 on OBU RAP topic 7 - As was noted above, the information gathered did not suffice to be able to achieve your objectives. Random sampling would be appropriate as the basis of some statistical analysis of responses.

As it was, you wanted to find specific information about matters of fact what was the restructuring, what was it intended to achieve (and how could success be measured) so that the post restructuring performance could be assessed. You needed appropriately informed respondents who would be able to answer your questions rather than a random sample.

Your summary of the various interviews is very brief and unlikely to be suitable as a basis for the analytical work you needed to perform.

## Topic 17

Comment 1 on ACCA OBU RAP topic 17 - Application of accountancy/business models

This topic requires that you investigate 'The quality of the corporate governance within an organization and the impact on an organization's key stakeholders' and NOT just shareholders. This narrows down the range of key stakeholders to one group and unnecessarily restricts the data, which you should be discussing, analyzing and evaluating. You should not be influenced by who can effect corporate governance, this will be by definition a smaller group than those who are effected by corporate governance.

Comment 2 on ACCA OBU RAP topic 17 - Doing academic work is about questioning and critiquing – this is important in the context of CG as the company itself is not going to admit that it is falling behind in this area. This topic is about looking at 'best practice' so although your local Code is important you should not restrict yourself just to that but look at ways CG might be improved and other indicators of good governance (or alternatively consider any weaknesses there may be in the current company practices which may be outside the code e.g. no whistle blowing policy).

Evidence must be balanced – this means that you must use a variety of sources and not restrict yourself to just the Code and annual reports. As mentioned in [3] before accepting something as true you should establish that its source is (a) reliable and (b) it is not biased.

## Topic 18

Examiners failure report comment on Market share in total

There is too little critical evaluation in your report. When applying the marketing mix, evaluate each element in detail. Is the product range appropriate? How does it compare with the competitors? How does it price compare with the competitors and are its price appropriate for the target market? (You covered this as a weakness rather than explore pricing strategies as an element of marketing mix). In what ways could it promotional practices be improved?

Topic 18 also requires you to also evaluate the effectiveness of the company's marketing strategy. You have mentioned some performance statics in 3.1, but you haven't reviewed the effectiveness of the marketing strategy.

You have made a good start here and just need to strengthen the evaluation to achieve pass standard. SWOT is of marginal relevance and could be removed to make room for more detail on the marketing mix and the assessment of the effectiveness of the marketing strategy.